

COMMODORE INTERNATIONAL LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

The Annual General Meeting of the shareholders of COMMODORE INTERNATIONAL LIMITED (the "Company") will be held at the Lyford Cay Club, Nassau, Bahamas, on November 26, 1990 at 10:00 a.m. for the following purposes:

1. To elect Class III Directors to serve for a three-year term;
2. To appoint Arthur Andersen & Co. as the Company's independent public accountants; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on October 11, 1990 as the record date for determining shareholders entitled to notice of and to vote at the Annual General Meeting.

By Order of the Board of Directors,

Joseph C. Benedetti
Secretary

October 23, 1990

COMMODORE INTERNATIONAL LIMITED

Sassoon House
Shirley & Victoria
Nassau, Bahamas

U.S. Office
1200 Wilson Drive
West Chester, Pennsylvania 19380

PROXY STATEMENT

This proxy statement, which is being mailed to shareholders on or about October 23, 1990, is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of COMMODORE INTERNATIONAL LIMITED (the "Company") for use at the Annual General Meeting of the shareholders of the Company to be held on November 26, 1990 and at any adjournments thereof. On October 11, 1990, the record date for shareholders entitled to notice of and to vote at the Annual General Meeting, the Company had outstanding and entitled to vote 32,341,539 Capital Shares, each share being entitled to one vote.

Proxies may be revoked prior to the date of the Annual General Meeting by giving written notification to the Secretary of the Company, by presenting a duly executed proxy bearing a later date or by voting in person at the meeting, but mere attendance at the meeting will not revoke a proxy. Proxies in the accompanying form which are properly executed by shareholders and duly returned to the Company and not revoked will be voted (a) with respect to the election of the Class III Directors, in the manner indicated below under "Election of Directors" unless authority to vote with respect to any director is withheld and (b) with respect to the appointment of Arthur Andersen & Co., in accordance with the specification, if any, made by the shareholder, and, if no specification is made, in favor of the appointment.

At October 1, 1990, the only person known by the Company to own beneficially more than 5% of the Company's Capital Shares is:

<u>Name and Address of Beneficial Owner</u>	<u>Capital Shares Beneficially Owned</u>	<u>Percent of Class</u>
Irving Gould Coral Harbour, N.P. Bahamas	6,595,338(1)	20%

(1) Includes 300,000 shares which may be acquired within 60 days of October 1, 1990, pursuant to the exercise of stock options.

ELECTION OF DIRECTORS

Irving Gould and Alexander M. Haig, Jr. are nominees to be elected at the Annual General Meeting as Class III Directors of the Company to serve until the 1993 Annual General Meeting or until their successors are elected or appointed. Messrs. Gould and Haig are currently serving as directors of the Company. If, at the time of the meeting, any nominee is unable or declines to serve or, for any other reason, vacancies occur in the slate of such nominees, it is intended that the discretionary authority provided in the proxy to the Board will be exercised to vote such proxies for the election of any other persons nominated by the Board as Class III Directors. The Board has no reason to believe that any nominee will be unable or will decline to serve or that any substitute nominee or nominees will be required. It is intended that the shares represented by proxies solicited by the Board will be voted in favor of the election of the nominees unless otherwise instructed.

The following table sets forth, as of October 1, 1990, certain information with respect to each nominee as well as other current directors of the Company:

<u>Name and Age</u>	<u>Present Principal Occupation</u>	<u>Director Since (1)</u>	<u>Shares Beneficially Owned as of October 1, 1990</u>	
			<u>Number of Shares (2)</u>	<u>% of Class</u>
Irving Gould (71).....	Chairman of the Board of Directors and Chief Executive Officer (3)	1966	6,595,338(4)	20%
Mehdi R. Ali (45)	President (5)	1988	405,982(6)	1%
Alexander M. Haig, Jr. (65)	President of Worldwide Associates, Inc. (7)	1984	1,500	*
Henri Rubin (63)	Executive Vice President and Chief Operating Officer (8)	1989	318,974(9)	1%
Ralph D. Seligman (70) ...	Consultant Counsel to Graham Thompson & Co. (10)	1981	400	*
Robert A. Utting (67)	President of R. A. Utting & Associates, Inc. (11)	1984	1,000	*
Burton Winberg (66)	President of Rockport Holdings Limited (12)	1973	106,224	*

* less than 1%

- (1) The Board of Directors is divided into three classes having staggered terms of three years each, and each director serves until the Annual General Meeting of shareholders at which directors of his class are to be elected or until his successor is elected or appointed. Messrs. Seligman and Utting serve as Class I Directors, Messrs. Ali, Rubin and Winberg as Class II Directors, and Messrs. Gould and Haig as Class III Directors.
- (2) All officers and directors as a group (17 persons) beneficially owned 7,551,351 shares (approximately 23% of the outstanding shares) of the Company as of October 1, 1990, including 646,733 shares which may be acquired within 60 days pursuant to the exercise of stock options. The persons named, and all officers and directors as a group, have sole voting and investment power with respect to the shares indicated except for Mr. Seligman, whose shares are held jointly with his spouse.
- (3) Irving Gould served as Chairman of the Board of Directors and President of Superpack Corporation Limited, a packaging and distribution company, until March 1988.
- (4) Includes 300,000 shares which may be acquired within 60 days pursuant to the exercise of stock options.
- (5) Mehdi R. Ali was elected President of the Company in January 1989. Previously, Mr. Ali had been a Managing Director of Dillon Read & Co., Inc., an investment banking firm, from 1984.
- (6) Includes 125,000 shares which may be acquired within 60 days pursuant to the exercise of stock options.
- (7) Alexander M. Haig, Jr. has been President of Worldwide Associates, Inc., an international strategic planning, marketing and government relations advisory firm, for more than five years. Worldwide Associates, Inc., has provided consulting services to the Company since May 1984 and is paid an annual consulting fee. Mr. Haig is also a director of Leisure Technology, Inc., Interneuron Pharmaceuticals, Inc. and MGM Grand, Inc.
- (8) Henri Rubin became Executive Vice President and Chief Operating Officer in October 1986. Prior to that time, Dr. Rubin had served since 1979 as Executive Chairman of Tedalex Electronics (Pty) Ltd., a manufacturer of consumer electronic products.
- (9) Includes 100,000 shares which may be acquired within 60 days pursuant to the exercise of stock options.

- (10) Ralph D. Seligman has been Consultant Counsel to Graham, Thompson & Co. since March 1986. Graham, Thompson & Co. has acted as Bahamian counsel to the Company since March 1986. Prior to that, for a period exceeding five years, Mr. Seligman was Consultant Counsel to the law firm of Seligman, Maynard & Co., which acted as Bahamian counsel to the Company during that period.
- (11) Robert A. Utting has been President of R. A. Utting & Associates, Inc., a financial consulting firm, since July 1985 and Chairman of the Canadian General Insurance Company of Canada since April 1988. He currently serves as a director of Viatch, Inc. and the Philadelphia Fund.
- (12) Burton Winberg has been President of Rockport Holdings Limited, a real estate development firm, for more than five years. He is also a director of S.P.C. International Investments Ltd. and Fahnestock-Viner Holdings Inc.

BOARD OF DIRECTORS MEETINGS AND STANDING COMMITTEES

The Audit Committee of the Board of Directors reviews the scope of audits performed by the Company's auditors, the auditors' reports, the Company's consolidated financial statements and any changes in accounting policy. The Committee also consults with the Company's auditors and management with regard to the adequacy of internal controls. The present members of the Audit Committee are Messrs. Winberg and Utting. During the fiscal year, there were two Audit Committee meetings.

The Compensation Committee administers Company compensation and benefit policies, programs and plans, including the Company's Stock Incentive Plan for Key Employees, and reports to the Board of Directors with respect to such administration. The current members of the Compensation Committee are Messrs. Haig, Winberg and Utting. During the fiscal year, there was one Compensation Committee meeting.

In addition, there is an Executive Committee of the Board of Directors, the current members of which are Messrs. Winberg, Utting and Gould. This Committee is permitted to exercise all authority of the Board of Directors. During the fiscal year there were no meetings of the Executive Committee.

There were four meetings of the Board of Directors and three Board of Directors Committee meetings during the last fiscal year. All directors attended at least 75% of the aggregate of such Board of Directors meetings and Committee meetings (for those Committees on which they served).

EXECUTIVE COMPENSATION AND OTHER MATTERS

Cash Compensation

The following table shows the aggregate cash compensation paid by the Company and its consolidated subsidiaries, for the fiscal year ended June 30, 1990, to (i) each of the five highest paid executive officers of the Company whose total cash compensation exceeded \$60,000, and (ii) all executive officers of the Company as a group.

<u>Name of Individual or Number of Persons in Group</u>	<u>Capacities in Which Served</u>	<u>Cash Compensation</u>
Irving Gould	Chairman of the Board and Chief Executive Officer	\$1,750,000
Mehdi R. Ali	President	\$2,015,949
Henri Rubin	Executive Vice President and Chief Operating Officer	\$ 435,511
Harold D. Copperman	Vice President/United States	\$ 459,142
Mikio Izumi	Vice President/Japan	\$ 304,024(1)
All executive officers as a group (17 persons).....		\$7,370,235(2)

- (1) Includes an aggregate of \$238,556 in severance and retirement payments made pursuant to a 1986 agreement between Mr. Izumi and Commodore Japan Limited upon Mr. Izumi's resignation from the Company in November 1989.

- (2) Group includes four former executive officers no longer employed by the Company. Total includes an aggregate of \$27,139 invested by executive officers in Commodore's Savings and Investment Plan, with aggregate matching contributions by the Company of \$2,824.

Compensation Pursuant to Plans

U.S. employees of the Company and its subsidiaries with three months of service are eligible to participate in the Commodore Business Machines, Inc. Savings and Investment Plan. Under the Plan, an employee is permitted to invest 2% to 10% of his or her pre-tax earnings, through payroll deductions, in one of five funds consisting, respectively, of Company stock, an equity fund, a fixed income fund, a money market fund and a growth fund. The Plan provides that the Company may, at its election, match all or a percentage of employee contributions. Matches of \$16,747, \$50,586, \$78,592 and \$95,663 were made in calendar years 1986 through 1989, respectively.

An employee's interest in employer contributions made on the employee's behalf vests on a pro rata basis over five years. Until age 59½, a participating employee may not withdraw amounts from his or her Plan account except in cases of extreme financial hardship. When an employee dies, becomes disabled or leaves the employ of Commodore, the employee is entitled to receive all then-vested amounts in his or her account. Employees with one year or more of service may apply for loans with terms not to exceed five years.

Employment Agreements

Effective as of October 20, 1986, the Company entered into a five-year employment agreement with Henri Rubin. Under the agreement, Dr. Rubin receives an annual minimum base salary of \$300,000. Pursuant to the agreement and under the Company's Stock Incentive Plan for Key Employees (the "Plan"), Dr. Rubin was also granted 300,000 restricted shares of the Company's stock at the price of \$.01 per share, with such restrictions lapsing at a rate of 20% per annum, commencing August 30, 1987 through August 30, 1991, provided that Dr. Rubin is then in the Company's employ. In addition, pursuant to the agreement and under the Plan, the Company awarded Dr. Rubin non-qualified stock options to purchase 100,000 shares of the Company's stock at \$8.125 per share, the closing price of the stock on the effective date of the agreement. The agreement also provides that in the event Dr. Rubin's employment terminates at any time for reasons other than for cause or his death, permanent disability, or voluntary resignation (other than voluntary resignation as a result of the dissolution or a change in control of the Company or a material change in the character of his responsibilities), Dr. Rubin will be entitled to his base salary through the end of the five-year term. In addition, if there is a dissolution or change in control of the Company, all restrictions on the restricted shares would lapse immediately. On August 30, 1990, the Company purchased from Dr. Rubin 18,636 shares of Company stock at a price of \$102,443 or \$5.50 per share (the opening price of the stock on such date as quoted over the Dow Jones wire), which amount Dr. Rubin simultaneously assigned back to the Company to be used to satisfy Dr. Rubin's U. S. income tax liability (and the Company's corresponding withholding tax obligations) in connection with the 60,000 shares which became free of restrictions on August 30, 1990.

Pursuant to the Company's Stock Incentive Plan and an agreement dated August 15, 1989, Mr. Gould was granted 350,000 restricted shares of the Company's stock at the price of \$.01 per share. Under the agreement, the restrictions lapse at a rate of 20% per annum commencing August 15, 1990 through August 15, 1994. If Mr. Gould's employment terminates by reason of retirement or disability prior to the lapse of any such restrictions, Mr. Gould will not forfeit any rights with respect to the restricted shares, whose restrictions will continue to lapse ratably over the five-year period. In the event of Mr. Gould's death prior to the lapse of any restrictions, all restrictions will immediately lapse. All restrictions will also immediately lapse upon the occurrence of the events described in Sections 10 (with regard to mergers, etc.) and 23(b) (with regard to liquidation, etc.) of the Plan.

Mehdi R. Ali is employed by the Company under an agreement originally made as of January 31, 1989 which was amended and restated as of August 16, 1989 (the "Employment Agreement"), pursuant to the terms of which Mr. Ali is employed as President of the Company for a two-year period of

employment during which period Mr. Ali receives a base annual salary of at least \$1,000,000 and a cash bonus of \$1,000,000 paid on January 31 in each of 1990 and 1991. Under the Employment Agreement Mr. Ali has been granted, pursuant to the Company's Stock Incentive Plan, (i) non-qualified stock options for 500,000 shares of the Company's stock at an exercise price of \$10.875 per share, the closing price of the stock on August 15, 1989, exercisable on a cumulative basis of 25% per annum commencing on August 15, 1990, accompanied by stock appreciation rights exercisable upon the same conditions as the options; and (ii) 300,000 restricted shares of the Company's stock at a price of \$.01 per share, with such restrictions lapsing at a rate of 20% per annum commencing August 15, 1990. The Employment Agreement provides that if Mr. Ali's employment by the Company terminates prior to August 15, 1994 due to his death, disability, termination by the Company without cause, termination by Mr. Ali for "good reason", or any termination of Mr. Ali's employment (other than by the Company for cause) within one year following a change in control of the Company, all of the non-qualified options and stock appreciation rights shall become immediately exercisable and all restrictions on the restricted stock shall immediately lapse and the above-described base salary and bonus shall be paid as if the employment had not been terminated. If Mr. Ali's employment is terminated for any other reason prior to the expiration of the restrictions, the shares that remain restricted will be forfeited. During the restricted period, the restricted shares have all the rights and privileges (including the same dividend and voting rights) as other shares of the Company's stock but may not be transferred and are subject to forfeiture as described above. Mr. Ali may elect to terminate his employment for "good reason" in the event the Company causes Mr. Ali to cease to be the Company's President or Mr. Ali determines in good faith that there has been any other material breach by the Company of the Employment Agreement or the Company, without cause, fails to continue Mr. Ali's employment subsequent to January 31, 1991 at an annual base salary of at least \$1,000,000. Under the Employment Agreement Mr. Ali is eligible to participate in the Company's incentive plans and employee benefit plans and is eligible to receive other fringe benefits in accordance with the Company's policies as in effect from time to time. On August 15, 1990, the Company purchased from Mr. Ali 19,018 shares of Company stock at a price of \$121,239.75 or \$6.375 per share (the opening price of the stock on such date as quoted over the Dow Jones wire), which amount Mr. Ali simultaneously assigned back to the Company to be used to satisfy Mr. Ali's U.S. income tax liability (and the Company's corresponding withholding tax obligations) in connection with the 60,000 shares which became free of restrictions on August 15, 1990.

Harold D. Copperman is employed by the Company under an agreement dated April 16, 1989, pursuant to the terms of which Mr. Copperman serves as President and Chief Operating Officer of Commodore Business Machines, Inc. at a base annual salary of at least \$300,000 and a guaranteed minimum bonus during the first year of employment of \$200,000. Under the agreement Mr. Copperman has been granted, pursuant to the Company's Stock Incentive Plan, non-qualified stock options for 100,000 shares of the Company's stock at an exercise price of \$10.875 per share, the closing price of the stock on August 15, 1989, exercisable on a cumulative basis of 25% per annum commencing on August 15, 1990. The agreement also provides that if prior to May 1, 1991, Mr. Copperman's employment terminates or Mr. Copperman's responsibilities change leading him to resign voluntarily, Mr. Copperman will receive a severance payment equal to 12 months' salary.

Stock Incentive Plan

The Stock Incentive Plan for Key Employees of the Company (the "Plan"), was adopted by the Board on October 9, 1984 and approved by the shareholders on November 20, 1984. The Plan is administered by the Board of Directors and the Compensation Committee. Each officer and key employee of the Company who is in a position to make a significant contribution to the long-term performance and growth of the Company as determined by the Board and the Compensation Committee is eligible to participate in the Plan.

Awards pursuant to the Plan may take the form of incentive stock options under Section 422A of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights, restricted stock or a combination of these forms of awards. Prior to January 1, 1989, it had been the policy of the Company that options granted under the Plan, including non-qualified stock options, were

exercisable on a cumulative basis at a rate of 33⅓% each year, beginning on the first anniversary of the date of grant. Subsequent to that date the policy was changed to provide that options granted on and after such date be exercisable at a rate of 25% per year.

The following table sets forth, as to the named executive officers of the Company and all current executive officers of the Company as a group, respectively, the following information with respect to stock options: (a) the aggregate number of Capital Shares subject to options granted during the fiscal year ended June 30, 1990; (b) the average per share exercise price thereof; and (c) the net value realized (market value less exercise price) during the period upon the exercise of options granted during that period or prior thereto.

	<u>Irving Gould</u>	<u>Mehdi R. Ali</u>	<u>Henri Rubin</u>	<u>Harold D. Copperman</u>	<u>Mikio Izumi</u>	<u>All current executive officers as a group (13 persons)</u>
Options Granted:						
Number of incentive option shares	—	—	—	—	—	—
Average per share exercise price	—	—	—	—	—	—
Number of non-qualified op- tion shares	—	500,000	—	100,000	—	809,000
Average per share exercise price	—	\$ 10.875	—	\$ 10.875	—	\$ 10.41
Net value realized upon exer- cises (market value less ex- ercise price).....	—	—	—	—	—	—

Compensation of Directors

Directors who are not employees of the Company receive an annual director's fee of \$18,000 payable in quarterly installments and an additional \$1,000 for each meeting attended. Members of the Audit and Compensation Committees receive an additional \$1,000 per meeting of the committee attended plus expenses.

EXECUTIVE OFFICERS

The following table shows the names, ages and positions of the present executive officers of the Company who are not also directors:

<u>Name</u>	<u>Age</u>	<u>Office</u>
Ronald B. Alexander	42	Vice President
Peter D. Bayley	38	Vice President/International Marketing
Joseph C. Benedetti	48	Vice President, General Counsel and Secretary
Harold D. Copperman	43	Vice President/United States
James Dionne	38	Vice President/Canada
Stephen G. C. Franklin	42	Vice President/United Kingdom
Helmut Jost	37	Vice President/Germany
Thomas H. Matson	46	Vice President and Controller
Michael D. Smith	44	Vice President/Worldwide Manufacturing and Purchasing
Bernard P. H. van Tienen.	34	Vice President/Netherlands

In addition, Messrs. Gould, Ali and Rubin, all directors, are executive officers. See "Election of Directors." All executive officers have been elected to serve until their successors shall have been duly elected or appointed or as otherwise provided in the Articles of Association of the Company.

Ronald B. Alexander was elected a Vice President in November 1988 with responsibility for Taxes. Mr. Alexander additionally received responsibility for Management Information Systems in March 1990 and Treasury in May 1990. Prior to 1988, Mr. Alexander had served as Director of Tax, Planning and International for Squibb Corporation, a pharmaceutical and personal care products company, since 1987 and from 1981 to 1987 as Tax Counsel for Mobil Corporation, a petroleum and products company.

Peter D. Bayley was appointed Vice President, Marketing in July 1989 and elected Vice President/International Marketing in November 1989. Before joining the Company, for a period exceeding five years Mr. Bayley was employed by Compaq Ltd. (U.K.), a personal computer company, as Marketing Director.

Joseph C. Benedetti was elected Vice President and appointed General Counsel and Secretary of the Company in September 1984.

Harold D. Copperman was elected Vice President/United States in November 1989. From May 1989 he has served as President and Chief Operating Officer of Commodore Business Machines, Inc. Before joining the Company, Mr. Copperman was employed by Apple Computer, Inc., a personal computer company, as Vice President and General Manager, Eastern Operations, from 1988 to 1989 and by International Business Machines Corporation, a computer company, from 1967 to 1988 in various sales and marketing management positions.

James Dionne was elected Vice President/Canada in November 1989. He has served as President of Commodore Business Machines Limited since April 1987. Before assuming that position Mr. Dionne worked from August 1986 to April 1987 as a consultant in the field of midrange microcomputer sales and prior to August 1986 as manager of the Company's Latin American sales.

Stephen G. C. Franklin was elected Vice President/United Kingdom in November 1989, having served as Managing Director of Commodore Business Machines (UK) Limited since 1987. Prior to that time he was employed by Granada Business Centres Ltd., a U.K. personal computer dealer, as Sales and Marketing Director.

Helmut Jost was elected Vice President/Germany in August 1990 after joining Commodore Buromaschinen GmbH as Managing Director in April 1990. From June 1989 to April 1990 Mr. Jost worked as a consultant in the field of personal computer marketing and procurement after his employment by Amstrad GmbH, a European personal computer company, as Managing Director from April 1988 to June 1989. Prior to that time Mr. Jost served as Consumer Sales Manager of Commodore Buromaschinen GmbH.

Thomas H. Matson was elected Vice President and appointed Controller for the Company in August 1987. For a period exceeding five years Mr. Matson has been employed by the Company in various capacities, including Controller and Assistant Controller.

Michael D. Smith was elected Vice President/Worldwide Manufacturing and Purchasing in August 1990 after appointment to that position in March 1990. Prior to that date, Mr. Smith was employed by Data General Corporation, a computer company, as General Manager of International Manufacturing Operations and before that in other managerial positions in manufacturing.

Bernard P. H. van Tienen was elected Vice President/Netherlands in November 1989, after serving as General Manager since 1988. Before working for the Company Mr. van Tienen was employed by Olivetti B. V., a European personal computer and office equipment company, as Netherlands Sales Director.

APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen & Co. was the Company's independent public accounting firm for the fiscal year ended June 30, 1990 and has been selected as the Company's independent public accounting firm for the fiscal year ending June 30, 1991. The shareholders of the Company will be requested to approve the appointment. A representative of Arthur Andersen & Co. is expected to be present at the Annual General Meeting to be available to respond to appropriate questions from shareholders and will also have the opportunity to make a statement if he desires to do so.

MISCELLANEOUS

Shareholder Proposals

Shareholder proposals intended and eligible to be presented at next year's Annual General Meeting must be received by the Secretary of the Company at 1200 Wilson Drive, West Chester, Pennsylvania 19380 no later than June 25, 1991 in order to be included in the Company's proxy statement and form of proxy relating to that meeting.

Other Business

The Board knows of no matters expected to come before the meeting other than matters referred to in this proxy statement; it is anticipated that the proxies will be voted on any such matters in accordance with the best judgment of the person acting under the proxies.

Cost of Solicitation

The cost of solicitation of proxies from the shareholders will be paid by the Company, including expenses in connection with preparing and mailing this proxy statement. Such solicitation may also be made by the Company's officers and regular employees personally or by telephone, telex, or telegram. The Company will also, upon request therefor, reimburse brokers or persons holding shares as nominees for their reasonable expenses in sending proxies and proxy material to beneficial owners.

Annual Reports

A copy of the Company's Form 20-F Annual Report for the fiscal year ended June 30, 1990 to be filed with the Securities and Exchange Commission may be obtained (including financial statements and schedules but without exhibits) by any shareholder without charge by writing to the Secretary of the Company at its U.S. office. A copy of the 1990 annual report to shareholders has been mailed with this proxy statement.

Joseph C. Benedetti
Secretary

October 23, 1990

**this document was
generously
contributed by**

randell jesup